



ST. LAWRENCE HIGH SCHOOL



A Jesuit Christian minority Institution

Subject: Economics Class- XI

Date:9/11/2020

Answer key of Worksheet-2

Chapter- The basics of factor market

Topic- Marginal revenue product, average revenue product, marginal factor cost and Average factor cost

1. Choose the correct alternative.  $1 \times 15 = 15$
- a) When average product is increasing it implies i) marginal product is also increasing ii) marginal product is decreasing **iii) marginal product is greater than average product** iv) none of these
- b) Total revenue product of labours is **i) total revenue that the firm gets by employing different units of labour** ii) change in total revenue for employing one additional unit of labour iii) total revenue per unit of labour iv) none of these
- c) With first unit of employment of labour if Total revenue product is Rs 50, then average revenue product is i) Rs 25 ii) Rs 35 **iii) Rs 50** iv) none of these
- d) When units of labour is 4 and total product is 32 units at the price Rs 5 then find average revenue product is **i) Rs 40** ii) Rs 60 iii) Rs 30 iv) none of these

Units of labour	Total product	price
1	20	5
2	26	5
3	34	5
4	38	5

- e) From the above table What is marginal revenue product of second unit of labour is i) Rs 40 ii) Rs 30 iii) Rs 20 iv) none of these
- f) From the above table what is the Average revenue product of second unit i) Rs 65 ii) Rs 70 iii) Rs 75 iv) Rs 80
- g) From the above table What is the marginal revenue product of 4<sup>th</sup> unit of labour?
- i) Rs 40 ii) Rs 30 iii) Rs 20 iv) none of these
- h) when total revenue product increases, marginal revenue product is i) positive ii) negative iii) zero iv) none of these
- i) When total revenue product is constant then marginal revenue product is i) zero ii) positive iii) negative iv) none of these
- j) By multiplying marginal product by price we get i) total revenue product ii) marginal revenue product iii) average revenue product iv) none of these
- k) If wage rate is fixed for all the units of labour then marginal factor cost i) that fixed amount of wage for all units of labour ii) will be different for different units of labour iii) will be increasing with the additional employment of labour iv) none of these

Unit of labour	wage	Total factor cost
1	5	5
2	6	12
3	7	21
4	8	32

- l) From the above table what is the marginal factor cost of second unit of labour?
- i) Rs 5 ii) Rs 7 iii) Rs 10 iv) none of these
- m) From the above table What is the average factor cost of third unit of labour?
- i) Rs 7 ii) Rs 11 iii) Rs 9 iv) none of these
- n) From the above table what is the average factor cost of fourth unit of labour?
- i) Rs 9 ii) Rs 10 iii) Rs 8 iv) none of these
- o) From the above table what is the marginal factor cost of fourth unit of labour?
- i) Rs 11 ii) Rs 9 iii) Rs 7 iv) none of these

Aparajita Mondal